

Message Text

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R 062333Z APR 78
FM SECSTATE WASHDC
TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
AMEMBASSY PORT MORESBY POUCH
AMEMBASSY SUVA POUCH
XMT AMEMBASSY PORT MORESBY
AMEMBASSY SUVA

C O N F I D E N T I A L STATE 089256

LIMDIS

E.O. 11652: GDS

TAGS: EFIN, MORG, EAIR, PINT, PORC, KS, KN

SUBJECT: WEEKLY STATUS REPORT - KOREA

TO: EA - MR. HOLBROOKE

FROM: EA/K - ROBERT G. RICH, JR.

1. NEW SWEDISH SENIOR DELEGATE TO THE NEUTRAL NATIONS
SUPERVISORY COMMISSION (LOU).

MAJOR GENERAL STURE GUSTAV VORNVALL CALLED ON DEPUTY
ASSISTANT SECRETARY GLEYSTEN AND ME ON APRIL 5, ENROUTE
TO A 7-MONTH ASSIGNMENT AS THE SENIOR SWEDISH DELEGATE
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TO THE NNSC. FORVALL SEEMS TO BE A PLEASANT INDIVIDUAL,
READILY APPROACHABLE ON ALL SUBJECTS. HE IS REPORTEDLY
HELD IN HIGH ESTEEM BY HIS MILITARY COLLEAGUES IN SWEDEN
AND AMONG UN OFFICIALS, BASED ON HIS 1972 GAZA SERVICE.
WE DID MOST OF THE TALKING DURING THE CALL, EXPLAINING THE
KOREAN SITUATION AND U.S. POLICY. THE GENERAL STRESSED
THE TEMPORARY NATURE OF HIS ASSIGNMENT TO THE NNSC, AND

EXPLAINED THAT HE MUST RETURN TO HIS COMMAND BY NOVEMBER.

2. KAL GETS A LITTLE HELP FROM ITS FRIENDS (LOU).

IN THE ONGOING SAGA OF THE ROKG'S DEVISING INGENIOUS MEANS TO GIVE KOREAN AIRLINES A COMPETITIVE EDGE OVER FOREIGN CARRIERS, A NEW EXPORT LICENSING PROCEDURE HAS BEEN INSTITUTED IN SEOUL TO AUTOMATICALLY GUIDE AIR CARGO BUSINESS TO KAL UNLESS THE EXPORTER SPECIFIES A FOREIGN CARRIER. FLYING TIGER AND NORTHWEST BROUGHT THIS TO THE ATTENTION OF THE DEPARTMENT, AND THE EMBASSY HAS BEEN ASKED TO VERIFY THE DISCRIMINATORY NATURE OF THE NEW PROCEDURE, AND TO TAKE APPROPRIATE ACTION TO VOICE OUR DISAPPROVAL.

3. KOREA ADJUSTS FX HOLDINGS IN THE FACE OF THE DECLINING US DOLLAR (UNCL).

CONCERNED WITH THE DECLINING VALUE OF THE US\$, THE ROKG HAS TAKEN STEPS TO REDUCE ITS DOLLAR HOLDINGS TO 80 PERCENT OF ITS TOTAL FOREIGN EXCHANGE RESERVES BY MID-YEAR. KOREA'S DOLLAR HOLDINGS ALREADY DECLINED FROM 92 TO 88 PERCENT OF TOTAL FX RESERVES IN THE LAST QUARTER OF 1977, AND THE NEW MOVES WILL BRING THE STRUCTURE OF KOREA'S RESERVES MORE IN LINE WITH ITS INTERNATIONAL PAYMENTS LIABILITIES. GIVEN KOREA'S RAPID ACCUMULATION OF FX
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RESERVES, THE NET AMOUNT OF DOLLARS HELD MIGHT WELL INCREASE IN 1978, EVEN THOUGH THE PERCENTAGE DECREASES.

4. KOREAN ASSEMBLYMEN CONTEMPLATE INVESTIGATION OF BLUE HOUSE BUGGING ALLEGATIONS (LOU).

WIRE STORIES FROM SEOUL EARLY THIS WEEK REPORTED THAT ROK LEGISLATIVE LEADERS ARE CONSIDERING HEARINGS TO LOOK INTO AMBASSADOR PORTER'S PUBLIC STATEMENT ON ELECTRONIC SURVEILLANCE OF THE BLUE HOUSE. BOTH GOVERNMENT AND OPPOSITION PARTIES REPORTEDLY WERE IN FAVOR OF AN INVESTIGATION, WHICH WOULD SEEK TO INCLUDE TESTIMONY FROM AMBASSADOR PORTER AND OTHER U.S. OFFICIALS. WASHINGTON MEDIA REPRESENTATIVES HAVE SHOWN INTEREST IN THE STORY, AND SEVERAL HAVE ASKED FOR AMBASSADOR PORTER'S TELEPHONE NUMBER, WHICH WE HAVE DECLINED TO PROVIDE DUE TO PRIVACY ACT CONSIDERATIONS.

5. NORTH KOREANS ADD SECOND AMBASSADOR TO UN OBSERVER MISSION (CONF).

THE NORTH KOREANS HAVE APPLIED FOR A VISA FOR CHON

CHAE-HONG, WHO WILL ASSUME THE POST OF DEPUTY PERMANENT
OBSERVER AT THE UN MISSION, WITH THE RANK OF AMBASSADOR.
THE CURRENT DEPUTY, KIM CHUNG-GOL (WHO HAS RECENTLY BEEN
PROMOTED TO MINISTER COUNSELLOR) HINTED TO A USUN MISSION
OFFICER APRIL 4 THAT CHON MIGHT EVENTUALLY BECOME THE

CHIEF OF THE MISSION. CHON, WHO IS 38, HAS HAD TWO
OVERSEAS POSTS: CAIRO, 1968-72 AS THIRD SECRETARY AND
OSLO, 1976-77 WHERE HE WAS A MEMBER OF THE CREW SENT
IN TO REPLACE THE STAFF WHICH HAD BEEN SENT HOME IN
CONNECTION WITH THE DRUG SMUGGLING SCANDAL. HE
REPORTEDLY SPEAKS ENGLISH WELL, SERVING TWO SHORT TOURS
AT THE UN AS AN INTERPRETER IN 1975 AND 1976. IN
SEPTEMBER, 1977 HE ACCOMPANIED FOREIGN MINISTER HO TAM
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TO NEW YORK. VANCE

NOTE BY OC/T: POUCHED TO PORT MORESBY AND SUVA.

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